

Consumers on RERA Benefits

Some bouquets, many brickbats;
long road ahead

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Rera has changed the narrative

- ▶ No sale without registration
- ▶ Carpet area, not super area alone
- ▶ Funds to be used to complete projects. Separate accounts
- ▶ Consumer has a dedicated Forum to complain against malpractices
- ▶ Focus has shifted to timely completion and delivery
- ▶ Builder cannot advertise what he does not provide



Two years ago - Nov 2019

- ▶ Project delayed
- ▶ Builder in jail, who will finish?
- ▶ No money to complete the project
- ▶ Bank not lending, how to pay the rest, subvention builder not paying
- ▶ Not able to pay EMIs as paying rent as well for so long
- ▶ Deficiency in services
- ▶ House ready, infrastructure is not
- ▶ Want my money back with interest as market is down

Nobody was talking about completed projects, new projects



June 2021 - Five years of RERA

- ▶ 64,000 projects registered - in legal net
- ▶ Only 10% money taken at registration now. Developer has to show development at construction site for next instalment. Buyer trust in RERA registered projects
- ▶ Changing sanction plan has become difficult
- ▶ Separate fund per project. Diversion of funds to other projects largely checked
- ▶ 64,000 cases disposed of in RERA. Execution of orders still a problem. Earlier getting a date in consumer court was a problem. That no longer exists. RERA dates are easily available
- ▶ Now favourable judgement in six months. Group consumer activism up but difficult in RERA



RERA positives

- ▶ RERA first port of call for over 80% consumers in 2019
 - ▶ Easy to file - no lawyer required
 - ▶ This remains so in 2020-21. But with a lot less confidence of problem ending
 - ▶ RERA is project, not developer specific. Each project's timeline can be considered
- ▶ Conciliation Forums have had mixed response - MahaRERA many found resolutions. UPRERA common complaint is that developers don't follow the RERA orders
 - ▶ Conciliation can only work when there is a deterrent for developers not following RERA orders
- ▶ In 2019, the first hearing for 25% of the respondents was within 1 month, for 55% it was 1-3 months, just 20% had to wait for over 3 months, in many cases because documentation was not complete
 - ▶ Even in 2020-21 hearing happens, judgements passed, orders given, not executed
- ▶ MahaRERA's order last week that builders must get at least 50% buyers' consent, on their letterhead before any changes in layout is a positive



RERA Negatives

- ▶ The extra time repeatedly given to developers is a sore point with consumers. This time is given without consultation with the buyer with whom the developer had a contract. The extensions are for developer, nothing for buyer. Govt moratorium on EMIs came as a relief to consumers but not much progress in many projects
- ▶ Buyers complain that despite registration on the RERA website, developers do not adhere to timelines or post quarterly updates on time
- ▶ The only time the buyers can challenge it is when the time is up and the builder gets another extension
- ▶ Why not have RERA authorities checking that money is available to execute the next lot of work or if capabilities exist to finish in the timeline?



Other Forums a major challenge

- ▶ The RERA law has been challenged many times. In Haryana HC there was a period when work stopped till the HC delivered its order in developers challenging the RERA authority
- ▶ In the Pioneer Urban case, RERA's supremacy has been questioned. NCLT, being a later law, has precedence
- ▶ In Sare Gurugram case, RERA authorities were progressing well while there was a stay on IBC due to Covid. But once that lifted, the case which was progressing well for some buyers in RERA, went entirely to NCLT and buyers have started from scratch with the IRP. Since all phases will be heard together, no idea if different phases will get apt justice



So what can RERA do? INNOVATE

- ▶ RERA was a consumer protection forum. What can it do with developers?
- ▶ Investigate if given timelines can be adhered to
- ▶ Check funds required and funds available. Question developer on mismatch. Take strong steps if no intent to complete is visible
- ▶ Innovate on providing exit options to some buyers
- ▶ Force price reduction so unsold units sell to make money to complete projects
- ▶ Use content and digital marketing plans and sell the unsold units. Use money to meet shortfall



What can RERA do with lenders?

- ▶ Use forensic audit to identify shortfall
- ▶ Sweeten the deal for lenders in legacy projects. Negotiate with lenders on behalf of consumers for completion
- ▶ Pump up the project financial management - similar to SBI Caps with Swamih. Have clout, why not use it to consumer advantage?
- ▶ Make proposals on how to make the project more attractive. Club projects in the vicinity to make precincts more lender friendly
- ▶ Use Data Modelling to come up with pros and cons. The data is from quarterly developer posting
- ▶ RERA appointed market research to monitor on-ground state of project
- ▶ Call out lenders who are paying instalments without progress or not lending to consumers and negotiate for that to happen



Yardstick for success & failure

- ▶ How many projects registered in RERA or how many were complete?
- ▶ Do new projects adhere to timelines? A 3-6 month delay okay. If more than a year, not okay
- ▶ Extension of Section 60 of the RERA Act is not impossible
- ▶ How many refund orders? How many recovery certificates?
- ▶ Labour training programmes - RERA mandate?
- ▶ Conciliation Forum - Push and prod buyers to accept the order. Even then no promise of delivery or adherence
- ▶ Self Regulatory Organisation of Builder - RERA mandate?
- ▶ Rating of projects - RERA mandate?



Way ahead

- ▶ Central advisory to oversee implementation of orders
- ▶ Issue suo moto orders - Don't wait for 3 years to implement it
- ▶ Robust system of information flow
- ▶ Project completed, Letter of possession. Can RERA step up for consumer and inspect for deficiency? If not okay, quantify the loss and spread among all allottees. Don't wait for complaints - stop malpractices
- ▶ Orders not obeyed - has the power of a civil court. Power to penalise builder 5-10% of project cost. Start asserting yourself



Debashish Bhardwaj - struck down HIRA

- ▶ System takes its own time. RERA superceded the Indian Contract Act, Transfer of Property Act 1872. Consumer Protection Act 1986 and the Competition Commission of India was invoked. CCI said RERA on its way
- ▶ RERA is a special law. Recovery of private money. Consumers want a public demand recovery mechanism supported by RERA. Use High Courts, Government as the issue is critical and time sensitive. Recovery officers for RERA, no time extension after that for Builders
- ▶ Reasonable time for honouring for the DC office and then move HC. 60 days recovery - DM not applicable. Post 60 days short petition of statutory rights for recovery. Know where I stand



Case studies - Howard de Silva, Dubai

- ▶ Represents 350 NRIs and 1500 buyers in Greens Project
- ▶ Phase-1 with 1275 flats. Phase-2 with 650 flats
- ▶ Possession end 2014. Cost Rs 22 lakh. Paid Rs 18 lakh. Subvention agreement.
- ▶ 50% completed, 80% paid
- ▶ Buyers' Association registered
- ▶ Forensic, architectural audit and orders passed. But disregarded by builder
- ▶ 120 individual cases filed



Avinash Pathak

- ▶ 2013 Ansal API, Greater Noida
- ▶ Scared to go to court
- ▶ Petition in RERA. Favourable judgement. RERA recovery order Nov 2020 pending in DM office
- ▶ Going to apply in HC. Lot of leaders cheating the buyers. Negotiating with builder for own benefit
- ▶ DM, RERA nor builder helping



Shama Kochar

- ▶ Investor pre-launch, Marathon 2013
- ▶ Agreement for sale
- ▶ Possession was Dec 2018
- ▶ Unfair clause in BBA of extension upto 6 months, then 9 months and then further if events not in his control
- ▶ Dec 2019, builder put a new possession date of 2022. No access to management. Complained on MahaRERA site. Did not hear from them
- ▶ Now fresh payment demand. Builder has given possession upto 20th Floor and work on remaining floors underway



Bhiwadi

- ▶ No Chairman, No RERA. Agitated and got an authority installed
- ▶ 6 people same problem, 6 different decisions
- ▶ Builder said no money and RERA listened
- ▶ Going to HC now
- ▶ Scared that they may have to fight upto SC but it is very expensive



RERA should change the narrative

- ▶ Consumers want authentic data about Developers, Projects, Localities
- ▶ RERA has it all. Mine data and provide information
- ▶ Create consumer advisories - Do's and don'ts
- ▶ Project updates
- ▶ Formats given below

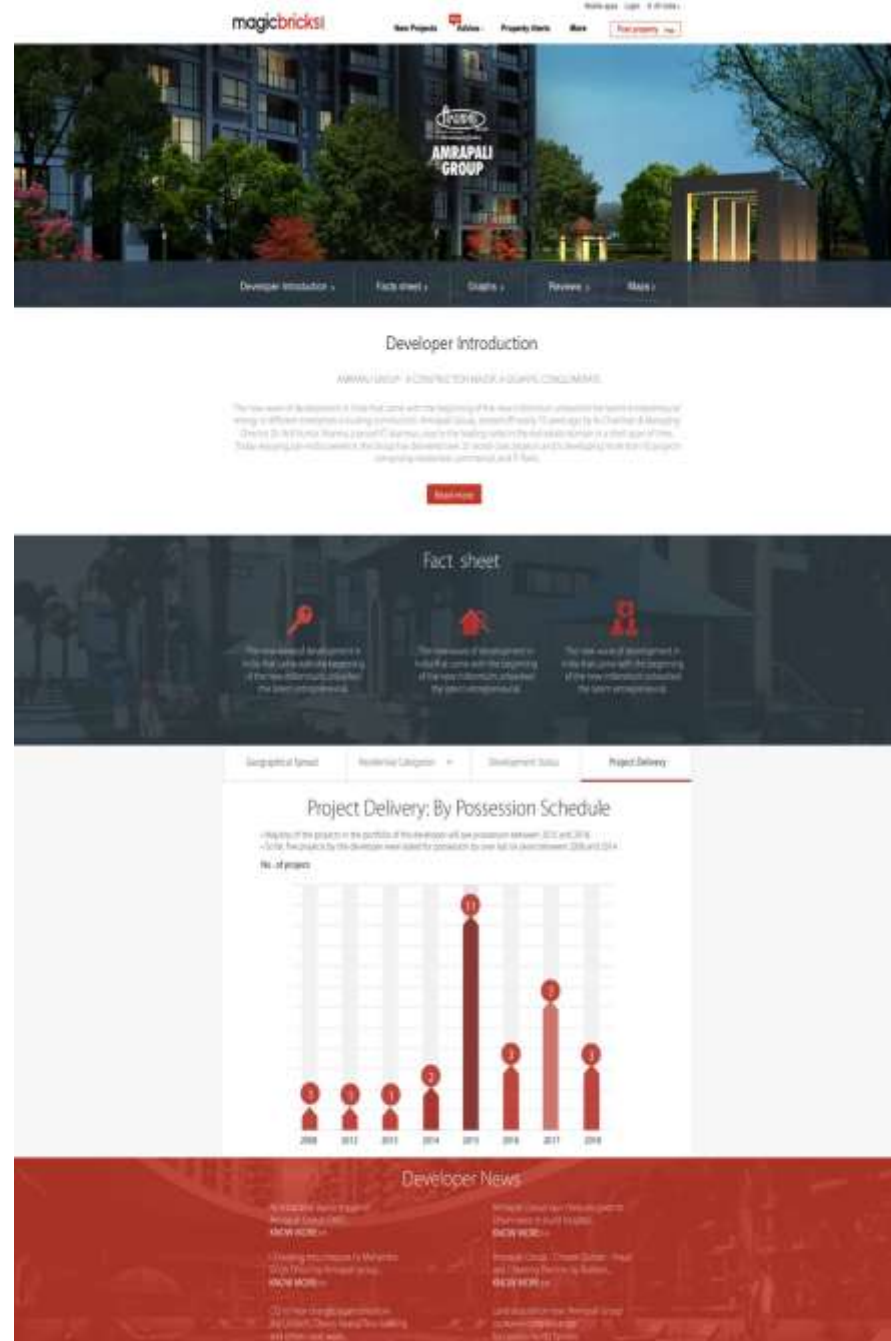


What can RERA do with Data?

Project delivery and possession schedule of past, current & future projects



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Development status of projects: Past 9, present 3 and future 28 - Tells its own story



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The screenshot displays the Amirapali Group website. At the top, the 'magicbricks' logo is visible on the left, and navigation links for 'New Projects', 'Awards', 'Property Alerts', and 'More' are on the right. A 'Find property' button is also present. The main header features a large image of a modern building with the Amirapali Group logo overlaid. Below this, a navigation bar includes 'Developer Introduction', 'Fact sheet', 'Gmaps', 'Reviews', and 'Maps'. The 'Developer Introduction' section contains a paragraph of text and a 'Read more' button. The 'Fact sheet' section is divided into three columns, each with a red icon and a brief description. Below this is a 'Development Status: By Projects' section with a filter bar for 'Geographical Spread', 'Residence Categories', 'Development Status', and 'Project Delivery'. The 'Development Status' filter is selected, showing a bar chart with three categories: 'Ongoing' (9 projects), 'Ready to move' (3 projects), and 'Under Construction' (28 projects). The 'Developer News' section at the bottom features three news items with 'KNOW MORE' links.

Types of units built so far in sizes
If over 50% was affordable, does he have the expertise to build premium?



The screenshot displays the website for Amrapali Group, featuring a navigation bar with links for 'New Projects', 'About', 'Property Alerts', 'More', and 'Feedback Form'. The main content area is titled 'Developer Introduction' and includes a 'Fact sheet' section. The 'Fact sheet' section contains three key points:

- The new wave of development in India that came with the beginning of the new millennium.
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Below the fact sheet, there is a 'Residential Units: Built-Up Area Range' section with a pie chart showing the distribution of unit sizes:

Area Range (sq.ft)	Percentage
<200	8%
200-250	18%
250-300	28%
300-350	43%

The 'Developer News' section at the bottom features several news items with 'KNOW MORE' links.

Types of property built so far - Do future projects match capability?



The screenshot displays the Amrapali Group website. At the top, there is a navigation bar with the logo and links for 'New Projects', 'Advice', 'Property Alerts', 'More', and 'Find property'. Below the navigation is a large banner image of a modern building at night with the Amrapali Group logo. Underneath the banner is a 'Developer Introduction' section with a paragraph of text and a 'Read more' button. This is followed by a 'Fact sheet' section with three columns of text and red icons. Below the fact sheet is a 'Residential Categories' section with a horizontal bar chart showing the distribution of property types: Build/Floor Apartment, Multi-story Apartment, Villa, and Residential Apartment. The chart shows that Multi-story Apartment is the most prevalent category. At the bottom, there is a 'Developer News' section with two columns of news items, each with a 'Read more' link.

What does the changed narrative mean?

- ▶ Use the same logic to give buyers information about localities, sectors, new infrastructure coming up, the types of projects coming up, the configurations
- ▶ Don't give out developer secrets but broad trends
- ▶ These help consumer in decision making
- ▶ They will come to rely on RERA as a data provider and advisory
- ▶ Even as retrospective cases take time, the prospective assistance can help



Thank you!

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